



Federal Communications Commission  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Mr. Peter M. Crabtree  
1186 Blackburn Drive  
Grayslake, IL 60030

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Dear Mr. Crabtree:

Thank you for your electronic mail message to President Clinton regarding a fee that may be added to some consumers' telephone bills by carriers to recover their contributions to the universal service support mechanisms. The White House has asked me to respond to your inquiry.

On May 7, 1997, the Commission adopted a first Report and Order to implement the Federal-State Joint Board's recommendations on universal service as required by the Telecommunications Act of 1996 (1996 Act). The Commission established universal service support mechanisms that fulfill Congress's goal, as stated in section 254 of the 1996 Act, of ensuring that affordable, quality telecommunications services are available to all American consumers, including low income consumers and those located in high cost, rural, and insular areas. In addition, these mechanisms implement Congress's mandate to ensure the nation's classrooms and libraries receive access to the vast array of educational resources that are accessible through the telecommunications network. These support systems also will link health care providers located in rural areas to urban medical centers so that patients living in rural America will have access, through the telecommunications network, to the same advanced diagnostic and other medical services that are enjoyed in urban communities.

The 1996 Act requires all telecommunications carriers that provide interstate telecommunications services to contribute on an equitable and nondiscriminatory basis to universal service. The Commission implemented this statutory provision by requiring all such telecommunications carriers to contribute to the universal service support mechanisms. Neither Congress, nor the Commission, requires such carriers to pass this contribution on to their customers. To the contrary, carriers decide how and to what extent they recover their contributions. Carriers, however, may not mislead customers as to how they recover contributions and may only recover an equitable share from any particular customer.

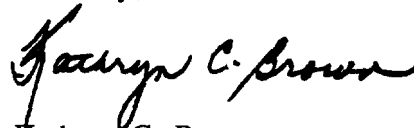
To address your inquiry about the salaries of top management of the entity administering the schools and libraries program, the Schools and Libraries Corporation, although the Commission exercises oversight of the activities of this corporation, the specific determinations regarding internal staffing and other day-to-day management decisions were, in the first instance, the responsibilities of the board of that corporation. I am aware, however, that the Schools and Libraries Corporation looked at other private, non-profit organizations of similar size, scope and function to determine the appropriate compensation scale for its top officials. On June 12, 1998, however, the Commission adopted a fourth Report and Order that established a ceiling on the salary amount for all officers and employees of the Schools and Libraries Corporation. In the Report and Order, the

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Commission concluded that, consistent with the will of Congress, compensation of all officers and employees of the Schools and Libraries Corporation must be at an annual rate of pay that does not exceed the rate of basic pay in effect for Level I of the Executive Schedule.

The Commission is monitoring the universal service support mechanisms and their impact on telephone ratepayers. This issue will be carefully reviewed as the support mechanisms are administered. Your letter has been placed in the official public record of the universal service proceeding (CC Docket No. 96-45). I appreciate your interest and views on these important issues.

Sincerely,

A handwritten signature in black ink, reading "Kathryn C. Brown". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Kathryn C. Brown  
Chief  
Common Carrier Bureau

7-10  
Peter M. Crabtree  
1186 Blackburn Drive  
Grayslake, Illinois 60030

June 4, 1998

President William J. Clinton  
The White House  
Washington, D.C. 20500

**RE: Federal Communication Commission's "e-rate program"**

Dear President Clinton:

I am writing to express my displeasure with the e-rate tax being phased in on telecommunications companies. This tax appears to have been enacted by the F.C.C. in a way designed to avoid public scrutiny. Furthermore, the program's implementation seems to almost guarantee that it will be bloated with bureaucratic costs. For example, it has been reported that the head of this program will receive a salary equal to or greater than yours!

I would encourage you to bring greater scrutiny to this program as well as attempting to repeal this hidden tax.

Thank you for your work on behalf of the United States.

Very truly yours,

*Peter M. Crabtree*

Peter M. Crabtree